

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1735**  
**91ST GENERAL ASSEMBLY**

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Reported from the Committee on Local Government and Related Matters, March 14, 2002, with recommendation that the House Committee Substitute for House Bill No. 1735 Do Pass.

TED WEDEL, Chief Clerk

4317L.03C

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**AN ACT**

To repeal section 30.260, RSMo, and to enact in lieu thereof two new sections relating to the local government investment pool.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 30.260, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 30.260 and 30.952, to read as follows:

30.260. 1. The state treasurer shall prepare, maintain and adhere to a written investment policy which shall include an asset allocation plan which limits the total amount of state moneys which may be invested in any particular investment authorized by section 15, article IV of the Missouri Constitution. The state treasurer shall present a copy of such policy to the governor, commissioner of administration, state auditor and general assembly at the commencement of each regular session of the general assembly or at any time the written investment policy is amended.

2. The state treasurer shall determine by the exercise of the treasurer's best judgment the amount of state moneys that are not needed for current operating expenses of the state government and shall keep on demand deposit in banking institutions in this state selected by the treasurer and approved by the governor and state auditor the amount of state moneys which the treasurer has so determined are needed for current operating expenses of the state government and disburse the same as authorized by law.

3. Within the parameters of the state treasurer's written investment policy, the state treasurer shall place the state moneys which the treasurer has determined are not needed for

**EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

16 current operations of the state government on time deposit drawing interest in banking  
17 institutions in this state selected by the treasurer and approved by the governor and the state  
18 auditor, or place them outright or, if applicable, by repurchase agreement in obligations described  
19 in section 15, article IV, Constitution of Missouri, as the treasurer in the exercise of the  
20 treasurer's best judgment determines to be in the best overall interest of the people of the state  
21 of Missouri, giving due consideration to:

22 (1) The preservation of such state moneys;

23 (2) The liquidity needs of the state;

24 (3) The comparative yield to be derived therefrom;

25 (4) The effect upon the economy and welfare of the people of Missouri of the removal  
26 or withholding from banking institutions in the state of all or some such state moneys and  
27 investing same in obligations authorized in section 15, article IV of the Missouri Constitution;  
28 and

29 (5) All other factors which to the treasurer as a prudent state treasurer seem to be  
30 relevant to the general public welfare in the light of the circumstances at the time prevailing. The  
31 state treasurer may also place state moneys which are determined not needed for current  
32 operations of the state government in linked deposits as provided in sections 30.750 to 30.767.

33 4. Except for state moneys deposited in linked deposits as provided in sections 30.750  
34 to 30.767, the rate of interest payable by all banking institutions on time deposits of state moneys  
35 shall be the same as the average rate paid during the week next preceding the week in which the  
36 deposit was made for United States of America treasury securities maturing and becoming  
37 payable closest to the time of termination of the deposit, as determined by the state treasurer,  
38 adjusted to the nearest one-tenth of a percent; except that the rate shall never exceed the  
39 maximum rate of interest which by federal law or regulation a bank which is a member of the  
40 Federal Reserve System may from time to time pay on a time deposit of the same size and  
41 maturity.

42 5. Within the parameters of the state treasurer's written investment policy, the state  
43 treasurer may subscribe for or purchase outright, or [by] **through** repurchase agreement **or**  
44 **money market mutual fund, as defined by the Securities and Exchange Commission, make**  
45 investments of the character described in subsection 3 of this section which the treasurer, in the  
46 exercise of the treasurer's best judgment, believes to be the best for investment of state moneys  
47 at the time and in payment therefor may withdraw moneys from any bank account, demand or  
48 time, maintained by the treasurer without having any supporting warrant of the commissioner  
49 of administration. The state treasurer may bid on subscriptions for such obligations in  
50 accordance with the treasurer's best judgment. The state treasurer shall provide for the  
51 safekeeping of all such obligations so acquired in the same manner that securities pledged to

52 secure the repayment of state moneys deposited in banking institutions are kept by the treasurer  
53 pursuant to law. The state treasurer may hold any such obligation so acquired by the treasurer  
54 until its maturity or prior thereto may sell the same outright or by reverse repurchase agreement  
55 provided the state's security interest in the underlying security is perfected or temporarily  
56 exchange such obligation for other authorized securities of at least equal market value with no  
57 maturity more than one year beyond the maturity of any of the traded obligations, for a negotiated  
58 fee as the treasurer, in the exercise of the treasurer's best judgment, deems necessary or advisable  
59 for the best interest of the people of the state of Missouri in the light of the circumstances at the  
60 time prevailing. The state treasurer may pay all costs and expenses reasonably incurred by the  
61 treasurer in connection with the subscription, purchase, sale, collection, safekeeping or delivery  
62 of all such obligations at any time acquired by the treasurer.

63 6. As used in this chapter, except as more particularly specified in section 30.270,  
64 obligations of the United States shall include securities of the United States Treasury, and United  
65 States agencies or instrumentalities as described in section 15, article IV, Constitution of  
66 Missouri. The word "temporarily" as used in this section shall mean no more than six months.

**30.952. 1. As used in this section, the following terms mean:**

2 (1) "Bank", any national banking association or state-chartered bank with its  
3 headquarters or at least one branch located within the state of Missouri at which such  
4 banking association or bank takes deposits and makes loans;

5 (2) "Municipality", municipal corporations, political corporations, and other  
6 public corporations and agencies authorized to exercise governmental functions;

7 (3) "Political subdivision", counties, townships, cities, towns, villages, schools,  
8 county libraries, city libraries, city-county libraries, road, drainage, sewer, levee, and fire  
9 districts, soil and water conservation districts, watershed subdistricts, county hospitals, any  
10 board of control of an art museum, and any other public subdivision or public corporation  
11 having power to tax.

12 2. Notwithstanding any other provision of law to the contrary, any municipality or  
13 political subdivision of this state may deposit public funds with any bank for investment,  
14 directly or through money market mutual funds, as defined by the Securities and Exchange  
15 Commission, originated and distributed by any such bank in the investments authorized  
16 by article IV, section 15 of the Missouri Constitution so long as the municipality or political  
17 subdivision has adopted a written investment policy pursuant to section 30.950.